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November 2, 2004

Commissioner for Patents
United States Patent and Trademark Office
P. O. Box 1450
Alexandria, VA 22313-1450

Attn: Group Art Unit 2143 by USPS Express Mail, Label ER 896351095 US

Re: My Patent Application, Number 09/489,739
Sole Inventor: David Andrew D'Zmura (pro-se independent inventor)
Sole Applicant: David Andrew D'Zmura (pro-se independent inventor)
Sole Owner: David Andrew D'Zmura (pro-se independent inventor)
Filing Date: January 21, 2000
Title: Valuation Technologies and Related Applications
Examiner: Mr. Jeffrey Pwu
Group Art Unit: 2143

Response to Citation of Prior Art

Dear Examiner Pwu:

In your Detailed Action of October 2004, you cited a rejection of my Claims 62 and 63 as based upon the patented art of Makivic (U.S. 6,061,662). You write that Makivic discloses the subject matter of my Claims 62 and 63. I have read Makivic and do not find such a disclosure.

Makivic discloses a Monte Carlo system and method for the valuation of derivative securities. A Monte Carlo system is a means wherein a probability distribution is generated, by using a random number generator, for possible values. By sampling many times (usually 500+), a statistical distribution of possible values is generated, based on the frequency of occurrence of each possible value within the distribution of values. It does not create a singular value for the derivative security, but rather a frequency-weighted distribution of randomly-generated values. The sensitivities of this system regard programming parameters of the Monte Carlo simulation.

In contrast to Makivic, my system and business logic concern the valuation of primary securities. Whereas Makivic is concerned with the variables relevant to derivative securities (such securities are options, futures, warrants), these variables being the "strike price", the "price of the underlying" and "time until expiration", the variables which I utilize, and which are of relevance, for primary securities (such securities are bonds, stocks and insurance policies) are the cash receipts, yield, and maturity. Makivic and I address two different kinds of financial instruments, and these two spheres of finance are governed by wholly differing valuation science.

In contrast to Makivic, my business logic for valuing financial securities produces a singular, precise value, which is not a process of stochastic (random simulation) sampling like that of Makivic. The values my system create are unique and specific, and are not probabilities.

Further, the system and method of Makivic do not create any definitive value for the derivative security being modeled. Rather, as depicted by Makivic's Histogram, his system returns, as final useful output, a distribution curve relating the probability distribution over the range of possible values. Hence, it cannot be used, nor does Makivic disclose or represent such, for the purposes of arbitrage, neither in computing any arbitrage differentials or in making trades.

Differences between Makivic and D'Zmura

Makivic	*D'Zmura*
for valuing derivative securities	for valuing primary securities
stochastic sampling process	precise non-randomized process
creates range of possible values	creates specific, unique, value
creates distribution curve of probable values	creates specific, unique, value
sensitivities of random generating system	sensitivities of primary securities
produces histograms of distribution curves	produces singular values
produces range with probability frequencies	produces arbitrage differentials
does not disclose, is not used for, arbitrage	discloses, and is useful for, arbitrage.

In summary, the system and method (the business logic) of Makivic is wholly directed to different financial securities, valuation processes and procedures, and useful production. The sole comparable features between Makivic and my claimed matter reside in the fact that both Makivic and myself feature a computer system for performing the system and method aspects. Both Makivic and myself feature financial data (on server, storage or data feed) utilized within the system. However, on the basis of these common features, no generic claim can be allowed. Hence, it must fully depend on the specific valuation features, wherein there are only differences.

Thank you for your consideration of my remarks regarding Makivic as not being prior art.

Sincerely,

David Andrew D'Zmura
(pro-se independent inventor)